

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6883**

**BILL NUMBER:** HB 1173

**NOTE PREPARED:** Jan 5, 2013

**BILL AMENDED:**

**SUBJECT:** Tax exemption for certain nonprofit organizations.

**FIRST AUTHOR:** Rep. Soliday

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:**

**Summary of Legislation:** This bill provides that the real property of: (1) labor, agricultural, or horticultural organizations that qualify for federal tax-exempt status; or (2) certain business leagues, chambers of commerce, or boards of trade that qualify for federal tax-exempt status; is exempt from property taxation if the real property is used for specified purposes.

**Effective Date:** January 1, 2013 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Summary:* The additional property tax exemptions under this bill would reduce the assessed value tax base causing tax rates to rise. Higher tax rates would shift taxes from the exempt entities to all other taxpayers and as a consequence, circuit breaker losses for local civil taxing units and school corporations would also rise. The higher tax rates would also generate additional TIF revenue. However, if any of the exempt property is part of the allocated AV in a TIF district, the allocation would be reduced. The total amount of additional exemptions under this bill is undeterminable.

*Background:* This bill would provide a property tax exemption for real property owned by a 501(c)(5) or 501(c)(6) nonprofit organization. The property must be used to benefit the general public through its use for

conducting organizational meetings, official business, or training/educating the organization's membership or the general public.

**State Agencies Affected:**

**Local Agencies Affected:** Local civil taxing units and school corporations.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.